

Company no. 2871809

Global Witness

Report and Financial Statements

30 November 2013

Global Witness

Reference and administrative details

For the year ended 30 November 2013

Directors Patrick J Alley
Charmian P Gooch (Company Secretary)
Simon J Taylor

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Company number 2871809
Company Limited by Guarantee

Principal Advisers

Bankers The Co-operative Bank
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M5 2QP

Triodos Bank
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Auditors Chantrey Vellacott DFK LLP
Russell Square House
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Global Witness

Report of the directors

For the year ended 30 November 2013

The directors present their report and the audited financial statements for the year ended 30 November 2013.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with applicable law, the memorandum and articles of association and the Statement of Recommended Practice: Accounting and Reporting by Charities published in 2005 (SORP). Although Global Witness is not a UK registered charity, the financial statements have been prepared in line with the SORP in order to reflect best practice as a not-for-profit organisation.

Structure, governance & management

Global Witness is a not for profit, non-governmental organisation. It is a company limited by guarantee, incorporated on 15 November 1993 under a memorandum of association that sets out the objects and powers of the company, and under articles of association by which it is governed. The company is unable to distribute any of its assets for the benefit of the directors or members.

Global Witness has 501(c)(3) status with the US Internal Revenue Service.

The directors who served during the year and up to the date of the report are listed on page 1. The directors have no beneficial interest in the company.

Directors have the power to appoint or to co-opt new members onto the Board; appointments are ratified in accordance with the company's memorandum and articles of association. There is a process of induction for new directors, which includes meetings with staff and the provision of key information.

The Board meets quarterly to set strategy and oversee the direction of the organisation. Day to day management is provided by the Management Team, which comprises the three directors, together with the Director of Campaigns and the Director of Finance & Resources.

Global Witness also has a non-executive Advisory Board made up of prominent individuals with expertise in areas relevant to Global Witness' activities. It provides advice to the Board and meets three times a year.

Global Witness' activities in the USA are undertaken through Global Witness Publishing Inc., a company registered in Washington DC, USA. Since this company has common directors with Global Witness, its results are consolidated and presented together in these financial statements.

Risk management

The directors actively manage risk in a professional, responsible and constructive manner. This involves identifying the types of risks the organisation may face, and assessing and balancing them in terms of potential impact and likelihood of occurrence. The directors seek to ensure that all internal controls, and in particular financial controls, comply in all respects with best practice.

The directors will continue to assess risk in a constructive manner to safeguard the efficacy of the organisation.

Objectives, impacts and activities

Global Witness investigates and campaigns to prevent natural resource-related conflict and corruption and associated environmental and human rights abuses.

Throughout 2013, and in line with the priorities set out in Global Witness' Challenge Fund Business Plan, Global Witness has been increasing investment in campaigns and investigations – the core of what we do – and building a stronger organisational infrastructure, sustainable long into the future.

Throughout 2013 Global Witness has continued its campaigns aimed at changing the system by exposing the economic networks behind conflict, corruption and environmental destruction. A summary of our key achievements for this year are listed below as well as how we intend to build on and defend these gains in the coming year.

Global Witness

Report of the directors

For the year ended 30 November 2013

Resources and conflict

- 2013 represented a victory in defence of Section 1502 of the Dodd-Frank Act. Our work contributed significantly to the Washington DC District Court ruling in favour of the Securities and Exchange Commission's (SEC) final rule accompanying the law. Overturning industry arguments that the rule is overly burdensome and costly for US-listed companies, the ruling means companies covered by the rule must report on their supply chain due diligence on minerals sourced from the DRC and its nine neighbouring countries by May 2014.
- As a direct result of our exposé of a mineral smuggling racket run by the Congolese military at the Kalimbi mine in May 2013, an investigation was launched by the Congolese government into military involvement at the mine. It also led to companies and industry groups stating explicitly, for the first time, that their continued involvement in the country's trade in minerals is contingent upon demilitarisation of the mining sector.
- Our advocacy work persuaded MPs to table amendments to the proposed Afghan mining law, in line with our recommendations. We also persuaded the US Embassy to change their position to opposing the law's passage unless proper checks were in place.
- We continued our detailed in-country advocacy and investigations on the use and abuse of natural resource revenues in fragile states such as Afghanistan, Myanmar, South Sudan and Zimbabwe.

Corruption

Stopping the international financial system propping up corruption

- Global Witness played a key role in the UK government's decision to commit to a public registry of company beneficial ownership information, representing a milestone in our long-standing battle against secrecy in corporate formation.
- Global Witness successfully advocated for increased personal accountability for senior bankers responsible for anti-money laundering failures by advocating for loopholes to be removed from UK and US legislation.

Campaigning for transparency in the extractives sector

- Global Witness continues to be at the forefront of the extractive sector transparency campaign. In 2013, this led to the EU enacting a vital transparency law which, together with US legislation, means that companies comprising over two thirds of the value of the world's listed extractive companies are now required to publish what they pay to governments; this allows citizens and civil society to follow the money and seek to hold their governments to account. The G8 summit in June 2013 also made a very strong commitment to new extractive transparency standards. Our advocacy work, together with members of the Publish What You Pay campaign, contributed to commitments from the UK, Germany, France, Italy, Sweden, Denmark and Finland to fast-track implementation of the EU law.
- The new Extractive Industry Transparency Initiative (EITI) standard, launched in May 2013, was greatly strengthened as a result of our advocacy work. In order to be compliant with the standard, the EITI now requires countries to include project-by-project revenue reporting (at the same standard as US and EU legislation) and disclosure of the beneficial owners of companies bidding for extractive contracts and licences.
- Working alongside the Africa Progress Panel, we revealed that, since 2010, Congo has lost out on approximately \$1.3 billion in a series of secretive sales of major mining assets. This is equivalent to twice the annual health and education budget combined. Our subsequent campaigning led to the Congolese government recognising the need for improved transparency standards in the country's new mining and oil exploration laws. Global Witness remains concerned however that the measures taken may be inadequate and rushed.
- Our campaigning on former FTSE 100 company ENRC's purchase of the Kolwezi mine in DRC appears to have contributed to the opening of an official criminal investigation by the Serious Fraud Office into the company, and influenced an enquiry by the UK Business, Innovation and Skills (BIS) Select Committee into the extractive industries.
- Global Witness successfully advocated for the continued engagement of international donors in tackling high level corruption in the oil sector in Uganda. As a result, several budget support donors have now included natural resource-related benchmarks as a condition for their on-going assistance.

Global Witness

Report of the directors

For the year ended 30 November 2013

Environmental governance

- Our undercover exposé film, *'Inside Malaysia's Shadow State'*, revealed high-level corruption and illegal deals in the forest sector in Sarawak, Malaysia. The film, which received over 1.3 million views, created a major political and media / twitter storm within the country and internationally and resulted in a petition from Malaysian citizens calling for an enquiry into the actions of Chief Minister Taib. Furthermore, it led to an investigation by the Malaysian Anti-Corruption Commission (MACC) into the misconduct revealed in the film, and an agreement from the Singapore and Malaysian governments to amend their taxation laws.
- Our spoof documentary, *'Bill Oddie's Bankwatch'* was hugely successful in raising public awareness of the role of private finance backing illegal and unsustainable logging and palm oil development, in particular the role of HSBC. Due to widespread public pressure, within days of the film HSBC agreed to commission two independent reviews to examine their international forest policies.
- Throughout 2012, we revealed how Liberian logging permits, intended for private use, were being granted to logging companies, a move that threatened the destruction of the country's precious forests. Taken together, these permits cover a quarter of Liberia and 40 percent of its forests. In 2013, our advocacy led to the cancellation of almost half of these destructive permits (29 of 63).
- Alongside Liberian civil society, we successfully campaigned to free the journalist Rodney Sieh, unjustly imprisoned due to harsh and outdated libel laws. The campaign also secured a commitment from Liberia's President Sirleaf to review Liberia's libel laws.
- Together with a coalition of international and local NGOs we drew attention to allegations of human rights abuses in Liberia by the UK company Equatorial Palm Oil (EPO) compelling the government to review EPO's contract. In a statement when meeting the communities on 5 March 2014, President Sirleaf made the landmark commitment that any expansion by the EPO onto Jombangh Clan land would be dependent on the approval of the communities affected.
- Our report, *'Logging in the Shadows'*, published in April 2013 documented the body of evidence on how a variety of small-scale forestry permits in Cameroon, DRC, Ghana and Liberia were often being secretly exploited by corrupt authorities and logging companies to access forests without going through the legal due process. The report provided impetus for national reforms, and provided a foundation for our strategy on community alternatives to industrial scale logging.
- Our *'Rubber Barons'* report and exposé highlighted how Vietnamese companies and international financiers are driving a land grabbing crisis in Cambodia and Laos. In particular, a lack of respect for social and environmental safeguards by two Vietnamese rubber companies: Vietnam Rubber Group (VRG) and Hoang Anh Gia Lai (HAGL) was having a devastating impact on local governance, communities and forest diversity. Our following advocacy resulted in the suspension of VRG's certification by the Forest Stewardship Council and the divestment of some of HAGL's key financial backers: Deutsche Bank and CBR Investments. We also supported affected Cambodian communities to lodge a formal complaint with the International Finance Corporation.
- Following a joint investigation by Global Witness, Greenpeace and a Congolese partner GASHE, we submitted formal complaints to the EU authorities under the new EU Timber Regulations. This led to the seizure of illegal DRC timber in Germany.
- As a result of our advocacy efforts, a group of Japanese MPs was formed to investigate the country's role in tropical deforestation and explore implementation of Timber Regulations for Japan that would be equivalent to those in the EU.
- As a direct result of Global Witness's campaigning, including our 'Rocky Road' report, published in May 2013, plans to build the Purús highway in Peru were shelved. This project would have opened up large tracts of Peruvian rainforests to deforestation, and potentially gold mining, in violation of Peru's environmental laws.

Further details of these achievements and others can be found in the 2013 Annual Review which will be on our website when published.

Global Witness

Report of the directors

For the year ended 30 November 2013

Financial review

Total income for the year reduced to £6,183,000 (2012: £7,863,000), a decrease of £1,680,000. This reduction in income is explained largely by the exceptional receipt in 2012 of the first £1,500,000 instalment of the Challenge fund from the Foundation to Promote an Open Society (see below). The balance is due to restricted income deferred to 2014 in line with changed expenditure plans.

Total expenditure rose to £6,528,000 (2012: £5,926,000) with the bulk of the increase being spent on the organisation's core objectives. The cost of generating income rose to £698,000 (2012: £661,000) reflecting investment in fundraising resource in order to generate new and sustainable funding streams as part of the objectives set out in the Challenge fund. The ratio of cost to income increased to 11% (2012: 8%) partly as a result of this investment, and partly due to the exceptional receipt of £1,500,000 in 2012 as outlined above. The directors anticipate that this ratio will fall again in subsequent years as the investment begins to generate increased income.

Net assets at 30 November 2013 reduced to £2,845,000 (2012: £3,190,000), with net current assets of £2,751,000 (2012: £3,103,000). The decrease arises from using the first instalment of the Challenge fund (see below) to invest in fundraising and other resources required to meet the organisation's longer-term goals.

Challenge fund

Following a review of its vision and goals for the next ten years, Global Witness has secured matched funding to enable it to make the investment necessary to achieve its goals. The Foundation to Promote an Open Society, a long-term partner, has pledged a total of £4,500,000 in three equal instalments over five years; the challenge is to raise twice the amount of each instalment before the next can be received. The first £1,500,000 instalment of the challenge funding was received in 2012. At the year end, the organisation was well on the way to reaching its target of £3,000,000 of new funding required to trigger the release of the second instalment from the Foundation to Promote an Open Society in 2014.

Reserves policy

The directors have examined the requirement for free reserves, i.e. those unrestricted funds not designated for specific requirements or required for development and strategic reserve purposes.

A target has been set of maintaining free reserves at a level equivalent to at least three months' operating costs. At 30 November 2013 free reserves were £1,284,000 (2012: £994,000), calculated as unrestricted net assets (note 12) less the designated fund. Although the amount of free reserves has increased over the previous period, it remains at just over two months' operating costs.

The designated fund represents income received in respect of the Challenge fund (as outlined above) that is unspent, but committed to the development of the organisation as explained in note 13.

Going concern

No material uncertainties that may cause significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

Plans for the future

Resources and conflict

- We will continue our campaign for strong and effective EU due diligence laws. Only the strongest possible laws will ensure that minerals brought into the EU aren't funding war or human rights abuses.
- We will continue our work to defend landmark due diligence provisions in US legislation from attack, especially as the first companies begin to report on their processes to the Securities and Exchange Commission.
- We will continue to support the effective implementation of the OECD's Due Diligence Framework globally, especially in DRC and across Asia.
- We will continue our comprehensive advocacy and investigations to make sure natural resource revenues promote peaceful development and stability in fragile states including Afghanistan, Central African Republic, Myanmar, South Sudan and Zimbabwe.

Global Witness

Report of the directors

For the year ended 30 November 2013

Corruption

- We'll be campaigning to ensure that Europe's Fourth Anti-Money Laundering Directive is effective and provides for the disclosure of public information on the beneficial ownership of companies across Europe. We'll also be pushing for similar measures in the US, and for the provisions of the G8 to be adopted by the G20.
- We'll continue our campaigning to defend extractive sector transparency laws from attack by industry lobby groups, and to ensure legislation is implemented fully and swiftly. We'll also be encouraging other key economies, like China, to improve their disclosures in line with the emerging global transparency standard.
- During 2014, we will be launching a campaign looking specifically at international aid policy. Aid donors could play a significant role in creating effective and accountable natural resource governance systems to counter grand corruption and waste; the campaign will be aimed at strengthening global standards, and making sure transparency and accountability in the oil and mining industries are included as benchmarks, and a condition for future donor assistance.
- Global Witness will be launching a new campaign to ensure Western governments implement their pledges to deny physical haven to corrupt individuals and their assets. Starting with the UK, we will provide recommendations on how the UK government and property sector can protect itself from corruption risks. More generally, we aim to push for the UK and the EU to join up their anti-corruption policies to deny safe haven to corrupt individuals and their assets.
- We will be expanding our expertise in data-driven investigations and data processes in order to better assemble compelling evidence of the global scale and threat posed by corruption and illicit financial flows.

Environmental governance

- Global Witness will continue its work to investigate and expose the illegal and unsustainable trade in timber worldwide, and the role of 'conflict timber' in fuelling violent unrest. We will also be providing detailed analysis of the scale of private finance going to support the destruction of tropical forests, highlighting the worst offenders and pushing for systemic reforms in forest finance.
- We aim to persuade at least one EU government to announce a change in their donor policies to end support for illegal or unsustainable industrial activities likely to contribute to forest degradation and deforestation. We will also be campaigning to ensure that industrial scale logging is not promoted through certification schemes or so-called 'sustainable forest management' in international development targets.
- We will continue to highlight positive alternatives to industrial scale logging and agribusiness which will have better economic, social and environmental outcomes.
- We will be focusing on making the alarming rise in attacks on environmental activists an international issue, and pushing for investigations and redress for victims identified by our investigations. To support these human rights defenders, we will be establishing a new team to document and report attacks on activists in order to focus the attention of policy-makers on places and regimes where resource-related triggers are leading to human rights abuses.
- We will be looking at a long-term campaign to remove subsidies for the exploration, production and consumption of fossil fuels which, if burned, may lock the world into catastrophic climate change.

Statement of responsibilities of the directors

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

Global Witness

Report of the directors

For the year ended 30 November 2013

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Members

Members of the company guarantee to contribute an amount not exceeding £1 to the assets of the company in the event of winding up. The total number of such guarantees at 30 November 2013 was 3 (2012: 3).

Small Company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Auditors

Chantrey Vellacott DFK LLP have expressed their willingness to continue as auditors.

Approved by the directors on 1 May 2014 and signed on their behalf by



Charmian Gooch
Director

Global Witness

Independent auditor's report to the members of Global Witness

We have audited the financial statements of Global Witness for the year ended 30 November 2013 which comprise the consolidated statement of financial activities (incorporating the income and expenditure account), the company and group balance sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's and group's affairs as at 30 November 2013 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

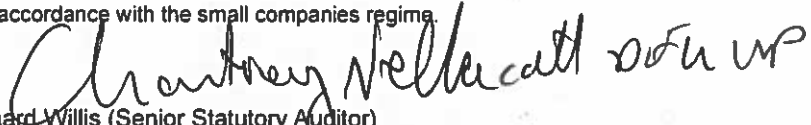
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.


Richard Willis (Senior Statutory Auditor)
for and on behalf of CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
London, UK

Date: 1 May 2014

Global Witness

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 30 November 2013

	Note	Restricted £'000	Unrestricted £'000	2013 Total £'000	2012 £'000
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	3,451	2,685	6,136	7,824
Investment income		-	22	22	20
<i>Other incoming resources</i>		-	25	25	19
Total incoming resources		3,451	2,732	6,183	7,863
Resources expended					
<i>Costs of generating funds</i>					
Costs of generating income		-	698	698	661
<i>Charitable activities</i>					
Environmental and human rights research and campaigning					
Resources and conflict		276	441	717	697
Corruption		697	1,332	2,029	1,712
Environmental governance		2,673	338	3,011	2,799
<i>Governance costs</i>		-	73	73	57
Total resources expended	3	3,646	2,882	6,528	5,926
Net movement in funds, being net income (expenditure) for the year	4	(195)	(150)	(345)	1,937
Total funds brought forward		770	2,420	3,190	1,253
Total funds carried forward		575	2,270	2,845	3,190

All of the above results are derived from continuing activities. There were no recognised gains or losses other than those stated above. The notes on pages 11 to 19 form an integral part of the financial statements.

Global Witness

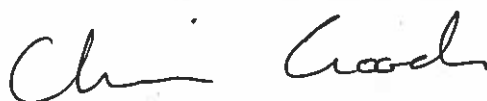
Balance sheet

30 November 2013

		Company		Group	
	Note	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Fixed assets					
Tangible fixed assets	7	<u>86</u>	<u>81</u>	<u>94</u>	<u>87</u>
Current assets					
Debtors	10	485	453	488	454
Cash held as short term investment		1,526	1,258	1,526	1,258
Cash at bank and in hand		<u>1,340</u>	<u>1,685</u>	<u>1,386</u>	<u>1,708</u>
		3,351	3,396	3,400	3,420
Liabilities					
Creditors: amounts due within one year	11	<u>(609)</u>	<u>(283)</u>	<u>(649)</u>	<u>(317)</u>
Net current assets		<u>2,742</u>	<u>3,113</u>	<u>2,751</u>	<u>3,103</u>
Net assets	12	<u>2,828</u>	<u>3,194</u>	<u>2,845</u>	<u>3,190</u>
Funds	13				
Restricted funds		575	770	575	770
Unrestricted funds					
Designated funds		986	1,426	986	1,426
General funds		<u>1,267</u>	<u>998</u>	<u>1,284</u>	<u>994</u>
Total funds		<u>2,828</u>	<u>3,194</u>	<u>2,845</u>	<u>3,190</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Approved by the directors and authorised for issue on 1 May 2014 and signed on their behalf by



Charmian Gooch
Director

Company Registration Number: 2871809

The notes on pages 11 to 19 form an integral part of the financial statements

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006. They follow the recommendations in the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005 & revised in July 2008).

These financial statements consolidate the results of the company and its controlled subsidiary Global Witness Publishing Inc. on a line by line basis. Transactions and balances between the company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the company itself is not presented because the company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

- b) Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable.
- c) Revenue grants are credited to the statement of financial activities when receivable.
- d) Restricted funds are used for specific purposes proposed by the organisation in its application to the donor, and subsequently agreed by the donor in granting the funds. Expenditure which meets these criteria, is charged to the fund.
- e) Unrestricted funds are donations and other incoming resources received or generated for charitable purposes.
- f) Designated funds are unrestricted funds set aside by the directors for particular purposes.
- g) Costs of generating funds relate to the costs incurred by the company in generating voluntary donations, as well as the cost of any activities with a fundraising purpose.
- h) Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

Resources expended are allocated to the particular activity the cost relates to. Support costs, comprising the salaries and other costs of the central functions, such as financial management, human resources and information technology support, are allocated across charitable expenditure and costs of generating funds. This basis of costs allocation is explained in note 3.

Governance costs are the costs associated with the governance arrangements of the company. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the company's activities.

- i) Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. Computer equipment and software, and office furniture and equipment are depreciated on a straight line basis over three and four years respectively. Office fixtures and fittings are depreciated on a straight line basis to the next break point in the lease.

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Fixed assets used overseas are not capitalised, but are expensed in the year of purchase.

- j) Monetary assets and liabilities held in foreign currencies are translated into sterling at the rate of exchange on the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange on the date of the transaction. Exchange differences are taken into account in the net movement in funds for the year.
- k) Rent payable under operating leases is charged to the Statement of Financial Activities on a straight line basis to the break point of the lease.
- l) Global Witness operates a stakeholder pension scheme. The pension liability is based on 5% of employees' gross earnings after 6 months employment and 6% after 12 months and up to 2 years service and 7% thereafter. The calculated amount, based on salaries earned during the year is paid by the organisation to individual employees' personal pension schemes. The organisation has no further pension commitment. Contributions are recognised in the period to which they relate.

Global Witness

Notes to the financial statements

For the year ended 30 November 2013

2. Voluntary income

	Restricted £'000	Unrestricted £'000	2013 Total £'000	2012 £'000
Adessium Foundation	69		69	185
The Alexander Soros Foundation		62	62	137
Allard Prize		15	15	-
Arcus Foundation	61		61	63
Center for International Policy	23		23	31
Danish Foreign Ministry		147	147	-
Ford Foundation	65	311	376	225
Foundation to Promote an Open Society		1,554	1,554	1,500
Foundation to Promote an Open Society - Interns Programme		9	9	-
Foundation to Promote an Open Society - Challenge Fund			-	1,500
The John D. and Catherine T. MacArthur Foundation		115	115	248
National Endowment for Democracy			-	25
Norwegian Ministry of Foreign Affairs	358		358	125
Oak Foundation	25		25	-
The Roddick Foundation			-	30
Swedish International Development Cooperation Agency (Sida)	420		420	358
UK Department for International Development, FGMC Programme	1,911		1,911	1,317
UK Department for International Development, Global Transparency Fund	189		189	1,037
Individual donations		190	190	15
Other grants	31	1	32	14
<i>Grants from Global Witness Foundation:</i>				
David and Anita Keller Foundation		7	7	-
Grantham Foundation	65		65	-
Jocarno Foundation		2	2	-
Vanguard Charitable Endowment Program		125	125	253
Wallace Global Fund	52		52	32
Individual donations		41	41	180
Other grants and donations			-	32
<i>Grants from Global Witness Trust</i>				
The Ajahma Charitable Trust		50	50	50
The David and Elaine Potter Foundation		50	50	40
Irish Aid	182		182	166
JMG Foundation			-	40
The Sigrid Rausing Trust			-	200
Individual donations		6	6	6
Other grants and donations			-	15
Total	3,451	2,685	6,136	7,824

Global Witness

Notes to the financial statements

For the year ended 30 November 2013

3. Total resources expended

	Direct activities	Support costs	2013	2012
	£'000	£'000	£'000	£'000
Costs of generating income	470	228	698	661
Charitable activities				
<i>Environmental and human rights research and campaigning</i>				
Resources and conflict	609	108	717	697
Corruption	1,761	268	2,029	1,712
Environmental governance	2,710	301	3,011	2,799
Total	5,080	677	5,757	5,208
Governance costs	43	30	73	57
Total resources expended	5,593	935	6,528	5,926

Support costs comprise:

	Costs of generating income £'000	Environmental and human rights research and campaigning £'000	Governance £'000	2013 £'000	2012 £'000
General Management	43	212	7	262	216
Finance, Human Resources and Information Technology	185	465	23	673	501
	228	677	30	935	717

Support function
General management
Finance
Human resources
Information Technology

Basis of apportionment
Head count
Estimated time spent
Head count
Head count

4. Net incoming resources for the year

This is stated after charging:

	2013 £'000	2012 £'000
Depreciation	45	37
Operating lease rentals		
▪ property	130	120
Auditors' remuneration		
▪ audit	10	12
▪ other services	2	3
Directors' remuneration	229	229
Directors' reimbursed expenses	2	1

5. Staff costs and numbers

Staff costs were as follows:

	2013 £'000	2012 £'000
Salaries		
United Kingdom staff	2,519	2,153
Overseas staff	437	390
Social security costs	300	253
Pension contributions	<u>157</u>	<u>140</u>
	3,413	2,936
Other staff costs	<u>228</u>	<u>220</u>
	<u><u>3,641</u></u>	<u><u>3,156</u></u>

The number of employees who earned more than £60,000 during the year was:

	2013 No.	2012 No.
From £60,001 to £70,000	1	2
From £70,001 to £80,000	5	3

Pension contributions to defined contribution pension schemes for these employees totalled £30,245 (2012: £24,516 for 5 employees).

The average monthly number of employees (full-time equivalent) during the year was as follows:

	2013 No.	2012 No.
Campaigning and advocacy	51	49
Fundraising	9	5
Finance and resources	10	9
	<u><u>70</u></u>	<u><u>63</u></u>

6. Taxation

The organisation had no corporation tax liability in the year to 30 November 2013 (2012: ENil), because there were no taxable profits in the year.

7. Tangible fixed assets

Group	Computer equipment & software £'000	Office fixtures & fittings £'000	Office furniture & equipment £'000	Total £'000
Cost				
At the start of the year	171	164	71	406
Additions in year	41	-	15	56
Disposals in the year	(4)	-	-	(4)
At the end of the year	<u>208</u>	<u>164</u>	<u>86</u>	<u>458</u>
Depreciation				
At the start of the year	94	164	61	319
Charge for the year	38	-	7	45
Disposals in the year	-	-	-	-
At the end of the year	<u>132</u>	<u>164</u>	<u>68</u>	<u>364</u>
Net book value at the end of the year	<u>76</u>	<u>-</u>	<u>18</u>	<u>94</u>
At the start of the year	<u>77</u>	<u>-</u>	<u>10</u>	<u>87</u>
Company				
Cost				
At the start of the year	160	164	64	388
Additions in year	38	-	13	51
Disposals in the year	(4)	-	-	(4)
At the end of the year	<u>194</u>	<u>164</u>	<u>77</u>	<u>435</u>
Depreciation				
At the start of the year	85	164	58	307
Charge for the year	36	-	6	42
Disposals in the year	-	-	-	-
At the end of the year	<u>121</u>	<u>164</u>	<u>64</u>	<u>349</u>
Net book value at the end of the year	<u>73</u>	<u>-</u>	<u>13</u>	<u>86</u>
At the start of the year	<u>75</u>	<u>-</u>	<u>6</u>	<u>81</u>

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8. Subsidiary undertaking

The company controls Global Witness Publishing Inc., a company registered in Washington DC, USA, as the two entities have common directors. The subsidiary is used to undertake Global Witness' activities in the USA. All activities have been consolidated on a line by line basis in the statement of financial activities. A summary of the results of the subsidiary is shown below:

	2013 £'000	2012 £'000
Grants received from Global Witness	642	638
Income from other funders	-	2
Total income	642	640
Total expenditure	621	661
Net movement in funds for the year	21	(21)
Total funds brought forward	(4)	17
Total funds carried forward	17	(4)
The aggregate of the assets, liabilities and funds was:		
Assets	57	30
Liabilities	(40)	(34)
Total funds	17	(4)

9. Company

The company's gross income and the result for the year are disclosed as follows:

	2013 £'000	2012 £'000
Gross income	6,183	7,862
Net movement in funds, being net income (expenditure) for the year	(365)	1,958
Represented by		
Restricted funds	575	770
Unrestricted funds	2,253	2,424
Total funds	2,828	3,194

10. Debtors

	Company 2013 £'000	Company 2012 £'000	Group 2013 £'000	Group 2012 £'000
Accrued income	255	316	255	316
Other debtors	154	11	156	11
Prepayments	76	126	77	127
	485	453	488	454

11. Creditors: amounts due within 1 year

	Company 2013 £'000	Company 2012 £'000	Group 2013 £'000	Group 2012 £'000
Taxation and social security	87	62	87	62
Other creditors	154	136	154	138
Accruals and deferred income	352	67	392	99
Pension provision	16	18	16	18
	<u>609</u>	<u>283</u>	<u>649</u>	<u>317</u>

12. Analysis of net assets between funds

Group	Restricted funds £'000	Unrestricted funds £'000	Total funds £'000
Tangible fixed assets	-	94	94
Current assets	1,045	2,355	3,400
Current liabilities	<u>(470)</u>	<u>(179)</u>	<u>(649)</u>
Net assets at the end of the year	<u>575</u>	<u>2,270</u>	<u>2,845</u>
Company	Restricted funds £'000	Unrestricted funds £'000	Total funds £'000
Tangible fixed assets	-	86	86
Current assets	1,039	2,312	3,351
Current liabilities	<u>(464)</u>	<u>(145)</u>	<u>(609)</u>
Net assets at the end of the year	<u>575</u>	<u>2,253</u>	<u>2,828</u>

13. Movements in funds

Group	At the start of the year	Incoming resources	Outgoing resources	At the end of the year
	£'000	£'000	£'000	£'000
Restricted funds:				
Resources and conflict	83	283	(276)	90
Corruption	136	810	(697)	249
Environmental governance	551	2,358	(2,673)	236
Total restricted funds	770	3,451	(3,646)	575
Unrestricted funds:				
Designated funds	1,426	-	(440)	986
General funds	994	2,732	(2,442)	1,284
Total unrestricted funds	2,420	2,732	(2,882)	2,270
Total	3,190	6,183	(6,528)	2,845
Company				
	£'000	£'000	£'000	£'000
Restricted funds:				
Resources and conflict	83	283	(276)	90
Corruption	136	810	(697)	249
Environmental governance	551	2,358	(2,673)	236
Cost of generating funds	-	-	-	-
Total restricted funds	770	3,451	(3,646)	575
Unrestricted funds:				
Designated fund	1,426	-	(440)	986
General funds	998	2,732	(2,462)	1,267
Total unrestricted funds	2,424	2,732	(2,902)	2,253
Total	3,194	6,183	(6,548)	2,828

Purpose of restricted funds

Restricted funds are used to fund Global Witness' campaigns which fall under the three areas of activity above. Campaigns are developed internally; donors are then sought to fund the campaigns.

Carried forward restricted funds represent either income received prior to the year end for which work has not yet commenced, or income for work which spans the year end, for which the unspent balance is carried forward.

Purpose of designated fund

The designated fund has been designated for the investment needed to build an enhanced and sustainable organisation that can extend its reach and influence in areas of critical global importance over the next ten years.

Global Witness

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14. Operating lease commitments

The group had annual commitments at the year end under operating leases expiring as follows:

	Property 2013 £'000	Property 2012 £'000
Less than 1 year	250	49
More than 1 year and less than 5 years	224	29
	<hr/>	<hr/>
	474	78

15. Related party transactions

One of the directors, Patrick Alley, is also a director of Global Witness Foundation, a Californian non profit public benefit organisation, which has exemption under section 501(c)(3) of the Internal Revenue code. There is no legal relationship between the two entities other than the involvement of the director. Global Witness Foundation was incorporated on 21 May 2001. Global Witness Foundation made grants totalling £292,000 to Global Witness in the year (2012: £32,000).

Global Witness contracted Breda Daly, who is the wife of Patrick Alley, as a fundraising consultant during the year, paying her a total of £31,147 for fees and travel expenses (2012: £35,706). Ms Daly is a practising fundraising consultant with many years' experience in the not for profit sector; her most recent permanent role was as Director of Development at the Royal National Theatre, London. Patrick Alley was not party to the decision made to employ Ms Daly and the transaction was carried out at arm's length.

During the year Global Witness engaged the services of Lawrence Graham LLP to provide advice on the governance and structure of the organisation. Charmian Gooch's husband is a partner at Lawrence Graham LLP. He was not involved in providing advice, and the transaction was carried out at arm's length.